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FORM 10-Q

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

[X] **Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**

[ ] **Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**

For Quarterly Period Ended June 30, 1992. Commission File Number 2-87305

CENTRAL SERVICE CORPORATION
(Exact name of registrant as specified in its charter)

Oklahoma	73-0779939
(State or other jurisdiction of organization)	(I.R.S. Employer Identification No.)

324 West Broadway
Enid, Oklahoma 73701
(Address of principal executive offices)
(Zip Code)

(405) 233-3535
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No___

The following is the number of shares outstanding of the registrant's only class of common stock, as of August 13, 1992.

Title of Class	Number of Shares Outstanding
Common Stock, $1.00 par value	900,000

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ITEM 1. FINANCIAL STATEMENTS

CENTRAL SERVICE CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	June 30, 1992	December 31, 1991
ASSETS		
Cash and due from banks	$ 10,924	$ 16,028
Interest-bearing deposits in other banks	3,960	5,340
Federal funds sold	7,515	11,940
Investment securities (approximate market value: 1992-$113,672 and 1991-$108,234)	110,370	104,382
Other short-term investments	415	415
Loans	82,369	78,746
Less - allowance for possible loan losses	(2,271)	(2,143)
Loans, net	80,098	76,603
Premises and equipment, net	4,300	4,219
Accrued interest receivable	2,686	2,528
Other assets	1,809	2,262
Total assets	$ 222,077	$ 223,717
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing	$ 37,397	$ 37,983
Interest-bearing	165,190	168,149
Total deposits	202,587	206,132
Other short-term borrowings	3,101	1,660
Accrued interest, expenses and taxes	1,306	1,327
Long-term debt	--	390
Other liabilities	281	502
Total liabilities	207,275	210,011
Commitments and contingencies (Note 4)		
Stockholders' equity:		
Preferred stock, $.01 par value, authorized 2,000,000 shares	--	--
Common stock, $1 par value, authorized 2,000,000 shares, 900,000 shares issued and outstanding	900	900
Capital surplus	8,308	8,308
Retained earnings	5,594	4,498
Total stockholders' equity	14,802	13,706
Total liabilities and stockholders' equity	$ 222,077	$ 223,717

The accompanying notes are an integral part of these financial statements.

CENTRAL SERVICE CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per common share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1992	1991	1992	1991
INTEREST INCOME:				
Loans	$ 2,008	$ 1,593	$ 4,056	$ 3,255
Investment securities:				
Taxable interest	1,913	1,782	3,739	3,418
Federal funds sold	69	99	157	310
Interest-bearing deposits in other banks	59	70	139	133
Other short-term investments	4	7	34	41
Total interest income	4,053	3,551	8,125	7,157
INTEREST EXPENSE:				
Deposits	1,793	1,871	3,653	3,767
Other short-term borrowings	17	22	39	66
Long-term debt	6	16	18	38
Total interest expense	1,816	1,909	3,710	3,871
Net interest income	2,237	1,642	4,415	3,286
PROVISION FOR POSSIBLE LOAN LOSSES	--	--	185	--
Net interest income after provision for possible loan losses	2,237	1,642	4,230	3,286
NONINTEREST INCOME:				
Service charges and fees	383	349	792	683
Trust fees	176	190	353	380
Net securities gains	6	37	364	37
Other	25	19	72	43
Total noninterest income	590	595	1,581	1,143
NONINTEREST EXPENSE:				
Salaries and employee benefits	1,269	1,091	2,552	2,190
Net occupancy expenses	130	115	256	223
Equipment expenses	195	174	382	346
Professional fees	289	85	413	148
Supplies and communications	129	99	264	202
FDIC assessments and other insurance	143	103	286	205
Advertising	47	46	98	87
Net revenues of other real estate and assets owned	(67)	(1)	(90)	(14)
Other	144	111	276	218
Total noninterest expense	2,279	1,823	4,437	3,605

CENTRAL SERVICE CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)
(In thousands, except per common share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1992	1991	1992	1991
Income before income taxes and extraordinary item	548	414	1,374	824
INCOME TAX EXPENSE	71	140	116	279
Income before extraordinary item	477	274	1,258	545
EXTRAORDINARY ITEM-				
Reduction of income taxes by utilization of net operating loss carryforwards	--	119	--	252
Net income	$ 477	$ 393	$ 1,258	$ 797
Net income per common share:				
Income before extraordinary item	$ .53	$ .30	$ 1.40	$ .61
Extraordinary item	--	.14	--	.28
Net income per common share	$ .53	$ .44	$ 1.40	$ .89

The accompanying notes are an integral part of these financial statements.

CENTRAL SERVICE CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	1992	1991
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities:		
Net income	$ 1,258	$ 797
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	275	247
Provision for possible loan losses	185	--
Net securities gains	(364)	(37)
Change in other assets	205	(89)
Change in accrued interest receivable	(158)	(520)
Change in accrued interest, expenses and taxes	(21)	359
Change in other liabilities	(221)	145
Total adjustments	(99)	105
Net cash provided by operating activities	1,159	902
Cash flows from investing activities:		
Purchases and maturities of interest-bearing deposits in other banks, net	1,380	(782)
Proceeds from maturities and paydowns of investment securities	5,640	1,796
Proceeds from sales of investment securities	16,135	5,536
Purchases of investment securities	(27,399)	(20,422)
Loans made to customers and principal collection of loans, net	(3,680)	1,787
Capital expenditures	(362)	(122)
Proceeds from sale of equipment	6	--
Principal payments received on leveraged leases	16	16
Proceeds from sale of other real estate and assets owned	232	14
Net cash used in investing activities	(8,032)	(12,177)
Cash flows from financing activities:		
Change in noninterest-bearing demand deposits	(586)	(2,285)
Change in interest-bearing demand and savings deposits	(4,603)	(1,938)
Time deposits accepted and repayment of time deposits, net	1,644	1,321
Change in other short-term borrowings	1,441	56
Change in long-term debt	(390)	(350)
Payment of dividends	(162)	(162)
Net cash used in financing activities	(3,656)	(3,358)
Net change in cash and cash equivalents	(9,529)	(14,633)
Cash and cash equivalents at beginning of period	27,968	32,645
Cash and cash equivalents at end of period	$ 18,439	$ 18,012

The accompanying notes are an integral part of these financial statements.

CENTRAL SERVICE CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) Significant Accounting Policies

The consolidated financial statements included herein have been prepared by Central Service Corporation (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures, normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. It is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's 1991 Annual Report on Form 10-K.

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks and Federal funds sold. Generally, Federal funds are sold for one-day periods. Cash paid for interest approximated $3,689,000 and $3,725,000 for the six months ended June 30, 1992 and 1991, respectively. Cash paid for income taxes was $81,000 and $6,000 for the six months ended June 30, 1992 and 1991, respectively.

The information included herein reflects all adjustments (consisting of only normal adjustments) which are, in the opinion of management, necessary to present fairly the results of the interim periods. While all normal adjustments have been made, it should be noted that interim operating results may not be indicative of the operating results for the entire year. The consolidated financial statements of the Company were prepared on the accrual basis of accounting and include the accounts of the wholly-owned subsidiary bank, Central National Bank and Trust Company of Enid ("Central Bank"). All significant intercompany balances and transactions have been eliminated. Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation.

(2) Allowance for Possible Loan Losses and Nonperforming Loans

The following is a summary of the allowance for possible loan losses for the six months ended June 30, 1992 and 1991 (in thousands):

	1992	1991
Balance, beginning of period	$ 2,143	$ 1,533
Loan recoveries	60	98
Loan charge-offs	(117)	(60)
Provision for possible loan losses	185	--
Balance, June 30	$ 2,271	$ 1,571

Included in loans outstanding are approximately $1,957,000 of loans accounted for on a nonaccrual basis at June 30, 1992. Other real estate and assets acquired in foreclosure proceedings and loans in which the collateral has been substantively repossessed totaled approximately $572,000 at June 30, 1992.

(3) Debt

Central Bank was a participant in the Loans to Lenders Program through the Enid Development Authority. Central Bank borrowed $2,800,000 from the Authority on June 30, 1980, at an interest rate of 11.40%. Principal reductions began May 15, 1982, and were scheduled to continue in varying annual installments through May 15, 1992, at which time the remaining principal amount of the loan was repaid. Interest was payable in semi-annual installments. The loan was secured by the pledge of mortgage loans granted by Central Bank under this program.

(4) Commitments and Contingent Liabilities

In the normal course of business, there are various commitments and contingent liabilities outstanding, such as guarantees, commitments to extend credit and similar arrangements, which are not reflected in the accompanying financial statements. The Company does not anticipate any significant losses resulting from these arrangements and transactions.

During 1986, the Company's existing directors' and officers' liability insurance coverage expired. The Company purchased directors' and officers' liability insurance in the third quarter of 1987, however, it is not in amounts or upon terms that were available in the past, and it does not provide coverage for the periods prior to the third quarter of 1987. This development, while not unique to the Company or its industry, is expected to continue in the near term. The Company has agreed to idemnify, to the extent permitted by law, its directors from any claims or assessments made against them arising from their capacity as directors of the Company.

During 1986, in connection with the disposition of Nichols Hills Bank to the former stockholders of Nichols Hills, the Company redeemed and retired 239,114 shares of its common stock. In addition, the Company obtained a letter of credit in favor of the former stockholders totaling $1,100,000, which will expire in 1993. This letter of credit is to indemnify the former stockholders against certain tax liabilities, should they incur any such tax liability as a result of the settlement. The letter of credit was secured by all of Central Bank's outstanding common stock until March 1989, at which time the letter of credit was amended. Under this amendment, Central Bank pledged $1,400,000 of U.S. Government securities as collateral in exchange for, among other things, the release of all of Central Bank's outstanding common stock.

Management's Discussion and Analysis of Financial Condition and Results of Operations
June 30, 1992
(Unaudited)

The following discussion and analysis of the financial condition and results of operations should be read in conjunction with the consolidated financial statements and notes thereto included elsewhere herein. Interim operating results may not be indicative of the operating results for the entire year.

General

The Company had consolidated net income of $1,258,000 and $797,000 for the six months ended June 30, 1992 and 1991, respectively. The net income per share was $1.40 and $.89 for the six months ended June 30, 1992 and 1991, respectively. During each of the first six months of 1992 and 1991, the Company declared and paid dividends of $.18 per share on the outstanding common stock.

As discussed in the Company's Form 10-K for the year ended December 31, 1991, Central Bank purchased substantially all the assets and assumed substantially all the liabilities of the failed First National Bank and Trust of Blackwell ("FNB") on August 30, 1991 and is operating a branch operation at the former FNB location in Blackwell, Oklahoma.

Specific comments on various other aspects of the Company's operations and financial condition are covered in the remaining captions.

Net Interest Income

The following table summarizes the daily average balance sheet, related interest earned and incurred, and yields and rates for the six months ended June 30, 1992 and 1991. The table is presented on an actual yield basis (dollars in thousands):

Six Months Ended June 30,	1992			1991		
	Average Amount Outstanding	Interest Earned/ Incurred	Average Yield/ Cost	Average Amount Outstanding	Interest Earned/ Incurred	Average Yield/ Cost
Earning assets:						
Interest-bearing deposits in other banks	$ 5,595	$ 139	5.01%	$ 3,571	$ 138	7.51%
Federal funds sold	9,306	187	3.90	9,879	310	6.53
Total investments	106,837	3,773	7.14	89,423	3,459	7.99
Total loans	80,185	4,056	10.30	59,990	3,288	11.98
Total earning assets/ interest income	200,880	8,155	8.17%	161,803	7,197	8.93%
Non-earning assets	18,361			17,473		
Total assets	$ 219,241			$ 179,280		
Interest-bearing liabilities:						
Total interest-bearing deposits	$ 160,757	3,653	4.42%	$ 131,992	3,767	5.70%
Other borrowed funds	3,370	57	4.55	2,902	104	7.23
Total interest-bearing liabilities/interest expense	160,127	3,710	4.42%	134,894	3,871	5.72%
Noninterest-bearing liabilities	33,779			31,680		
Total liabilities	204,836			166,574		
Stockholders' equity	14,105			12,706		
Total liabilities and stockholders' equity	$ 218,941			$ 179,280		
Net interest margin		$ 4,445	4.44%		$ 3,326	4.10%

Net interest income for the first six months of 1992 was $4,415,000 compared to $3,286,000 for the first six months of 1991. This represents an increase of $1,129,000 or 34.4%.

The increase in net interest income is due primarily to an increase in average earning assets that was funded through higher levels of average deposits and an increase in the net interest margin. The primary source of funds for the increase in the average deposits was the acquisition of the Blackwell branch. The increase in the net interest margin was due to the slower repricing of assets than liabilities in response to the general decline in interest rates that has occurred since December of 1991. The yield on earning assets declined 75 basis points whereas the interest-bearing liabilities declined 137 basis points which caused the net interest margin to increase by 34 basis points.

Provision for Possible Loan Losses

The Company had net charge-offs of $57,000 for the first six months of 1992 compared to net recoveries of $38,000 for the first six months of 1991. The allowance for possible loan losses as a percentage of loans was 2.8% at June 30, 1992, and 2.7% at December 31, 1991. The provision for possible loan losses was $185,000 for the six months ended June 30, 1992. The Company did not make a provision for the six months ended June 30, 1991.

The allowance for possible loan losses is established by charges to income. Loan losses and recoveries are charged or credited directly to the allowance. The adequacy of the allowance for possible loan losses is determined by management based upon a number of factors including previous loan loss experience, identification and review of problem loans, quality of the loan portfolio, and current business and economic conditions. The adequacy of the reserve is periodically reviewed and approved by the Board of Directors. However, ultimate losses may differ from the annual estimates. The estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known. It is the Company's policy to charge off any loan or portion thereof, when it is deemed uncollectible in the ordinary course of business.

Included in management's analysis of the allowance for possible loan losses is the level of nonaccrual loans. Loans for which income is not being recognized on an accrual basis were $1,957,000 or 2.4% of outstanding loans at June 30, 1992, compared to $369,000 or .1% of outstanding loans at June 30, 1991. Included in the nonaccrual loans as of June 30, 1992, is $1,085,000 in loans attributable to the FNB acquisition.

Noninterest Income

Noninterest income was $1,581,000 for the first six months of 1992 compared to $1,143,000 for the first six months of 1991. The increase is due to the sale of securities as there was a gain on the sale of securities of $364,000 in 1992 and due to the increase in service charges and fees of $109,000 which was primarily attributable to the FNB acquisition.

In January of 1992, Central Bank sold certain high coupon rate GNMA securities due to an increase in prepayment risk in these securities. The increase in prepayment risk in regards to these securities was due to the rapid decline in general interest rates. The sale of these securities is the primary source of the securities gains reported in the income for the six months ended June 30, 1992.

Noninterest Expense

Noninterest expense for the first six months of 1992 was $4,437,000 compared to $3,605,000 for the first six months in 1991. The increase of $832,000 is primarily the effect of the acquisition of the Blackwell branch and an increase in professional fees.

The noninterest expense during the first six months for the Blackwell branch operation that resulted from the FNB acquisition is estimated at $515,000. Professional fees increased $265,000 in the first six months of 1992 when compared to the first six months of 1991. This increase is due to litigation incurred in the first quarter of 1992.

Liquidity and Capital Resources

Liquidity is the ability of a company to raise funds to meet its commitments. The need for liquidity arises principally from requirements to meet the maturities of short-term money market borrowings, deposit withdrawals and increases in loans and other assets. The Company's objective of maintaining an adequate level of liquidity is met through a combination of an appropriate balance of liquid assets and continuous access to alternative sources of funds at competitive rates. On the asset side, liquidity is provided by money market investments, federal funds sold and short-term marketable investment securities, all of which can be sold at virtually no market rate risk. Asset liquidity is also provided by loan repayments and from the ability to sell loans to third parties in the normal course of business. However, loans are not generally used for the purpose of providing liquidity as they must either mature or be sold for this purpose. The Company's most significant source

of liquidity is its ability to renew maturing liabilities and to obtain additional funds on a daily basis. Accordingly, action taken to assure liquidity is largely short-term in nature.

There are numerous factors which affect the Company's liquidity. Demands for liquidity principally include the withdrawal of deposits, the repayment of short-term borrowings and the demands for credit. Management has historically been able to maintain an adequate level of liquidity. A primary factor contributing to liquidity has been a basic concentration of stable demand and time deposits. However, as the mix of deposits changes, a larger proportion of total deposits consists of the short-term certificates of deposit and money market accounts. Management anticipates that future sources of liquidity will continue to be available and that adequate liquidity levels will be maintained.

On a consolidated basis, liquid assets, as described above at June 30, 1992, totaled $25,000,000. This represents a decrease of $6,491,000 or 20.6% from December 31, 1991. There were no overnight borrowings through Federal funds purchased at June 30, 1992.

Capital provides the leverage for growth consistent with strategic objectives and corporate financial goals, as well as maintaining public confidence in the Company's ability to operate as a profitable and growing financial institution. The Company's capital has always been generated internally from operations. Equity capital was $14,802,000 at June 30, 1992 compared to $13,706,000 at December 31, 1991. The equity-to-assets ratios at June 30, 1992, and December 31, 1991 were 6.7% and 6.1%, respectively.

In January of 1989, the Comptroller issued the final ruling on the risk-based capital guidelines. These guidelines were jointly developed by the "Group of Ten" countries (Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, United Kingdom, United States) and Luxembourg. The U.S. banking agencies participating in the development and implementation of these guidelines include the Comptroller, the Federal Reserve and the Federal Deposit Insurance Corporation. The purpose of these risk-based capital guidelines is to require higher levels of capital in those banks which have high risk assets and/or large amounts of off-balance sheet activities. These risk-based capital guidelines are in addition to the current minimum capital-to-total assets requirement. The risk-based capital guidelines are being phased-in beginning December 31, 1990, and will be fully implemented by December 31, 1992. The Company and Central Bank are subject to these guidelines. The following table shows the Company's and Central Bank's risk-based capital ratios as compared to the required ratios at June 30, 1992, under both the transitional and final requirements.

	Company	Central Bank	Transitional Requirement	Final Requirement
Tier I capital to risk-adjusted assets	19.16%	18.40%	3.625%	4.0%
Total capital to risk-adjusted assets	19.42%	18.65%	7.250%	8.0%

As shown in the above table, both the Company and Central Bank exceed the risk-based capital requirements and management believes that the trend of capital for both the Company and Central Bank is favorable.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(b) No reports on Form 8-K were filed during the quarter ended June 30, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CENTRAL SERVICE CORPORATION
(Registrant)

Date August 13, 1992

By /s/ Roger A. Runyan
Roger A. Runyan
Chief Financial Officer